

भारत का राजपत्र

The Gazette of India

प्रसाधारण

EXTRAORDINARY

भाग I—खण्ड I

PART I—Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 6] नई बिल्ली, बहुत्पत्तिवार, जनवरी 9, 1969/पौष 19, 1890

No. 6] NEW DELHI, THURSDAY, JANUARY 9, 1969/PAUSA 19, 1890

इस भाग में विभिन्न पृष्ठ संख्या दी जाती है जिससे कि यह प्रलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF COMMERCE

PUBLIC NOTICES

IMPORT TRADE CONTROL

New Delhi, the 9th January 1969

SUBJECT:—*Terms and conditions for licensing private sector imports under West German Commodity Credit for 1968-69 (DM-102 Million).*

No. 7-ITC(PN)/69.—The conditions for issue of licences for private sector imports under the West German Commodity Credit for 1968-69 (DM-102 Million) for:—

- (i) Import licences of the value of Rs. 50,000/- or less; and
- (ii) Import licences of the value exceeding Rs. 50,000/-

given in Appendices I and II to this Public Notice are notified for the information of the trade.

APPENDIX I

Conditions for licensing private sector imports of the value of Rs. 50,000/- or less under West German Commodity Credit for 1968-69.

1. These conditions will be applicable only to Private Sector imports where value of the licence is Rs. 50,000/- or less. For licences exceeding Rs. 50,000/- there is a different set of licensing conditions.
2. The licence will be issued with an initial validity period of 3 months. Firm orders on CIF or C&F basis must be placed on the suppliers in Germany within three months from the date of issue of the import licence. Licences may be submitted for revalidation to cover shipments, with documentary proof of firm orders having been placed and showing the contractual date of shipment.
3. Where orders could not be placed within 3 months the licence may be submitted for revalidation during the 4th month, giving reasons for delay in placing order and indicating the date by which orders would be placed. Such requests will be considered on merits by Chief Controller of Imports and Exports, in consultation with Ministry of Finance (Department of Economic Affairs), where necessary.
4. Payments against this import licence can be made to German suppliers for goods and services to be imported from the Federal Republic of Germany. Any payments towards Indian agents commission should be made in Indian rupees to the agents in India. Such payments will, however, be charged to the licence.
5. Payments against the import licence may be effected through normal banking channels by opening commercial letters of credit, through authorised dealers in foreign exchange and should be completed by the 30th June, 1970. The letters of credit must be opened within one month of placing of orders and a copy of the letter of credit (s) should be sent by the Bank concerned to the Joint Director (Accounts), Department of Economic Affairs, Jeewan Deep Building, Parliament Street, New Delhi-1.
6. The letters of credit mentioned in condition 5 above should stipulate submission of an additional set of import documents (non-negotiable) comprising "invoice", "bill of lading" and a "certificate of payment to supplier" for use by the Ministry of Finance. As soon as the payments to the suppliers are made under the licence, the Bank opening the letter of credit should send the set of documents mentioned above alongwith a statement (in the proforma given in Annexure-I) to the Joint Director (Accounts), Ministry of Finance (Department of Economic Affairs), Jeewan Deep Building, Parliament Street, New Delhi.
7. Goods to be financed under the Credit should be transported by Indian and/or Federal Republic of Germany vessels only, even though shipment may take place from a third-country West European port. Failure to comply with this provision will involve German suppliers paying freight from their own resources. As the orders are on C&F/CIF basis, the German suppliers should be made responsible for payment of freight charges in DMS to the agents of the Indian and/or Federal Republic of Germany, shipping companies carrying the cargo. A suitable provision should be made in this regard in the supply order and in the Letter of Credit. Under no circumstances, the licensee should pay freight in rupees to the agents of the Indian shipping companies (who should claim payment from the German suppliers).
8. Credit facilities offered by suppliers can be availed of by the importers only if:—
 - (i) The credit facility is not extended beyond 90 days from the date of the shipment.
 - (ii) No interest charges direct or indirect, are payable by the importers for the credit extended.
 - (iii) All payments are completed before the 30th June, 1970.
9. Licence holders should ensure strict adherence to all the conditions.

ANNEXURE—I TO APPENDIX—I

Loan Agreement for Commodity Credit from West Germany for 1968-69.

S. No.	Exporter name/ Registered Office	Importer	Licence No. & Date	Description of goods and category	Date of shipment and place	Name & flag of the vessel	Gross Weight cargo No.	No. & Date of Invoice	Invoice amount FOB DM	Invoice amount CF or CIF if freight charge's insurance premium eligible	Date of payment
1	2	3	4	5	6	7	8	9	10	11	12

APPENDIX II

Conditions of licensing for private sector imports above Rs. 50,000/- in value under Commodity Credit from West Germany for 1968-69.

1. These conditions will be applicable only to Private Sector imports where the value of the licence is above Rs. 50,000/-. For licences for Rs. 50,000/- or less, there is a different set of licensing conditions.

2. No remittance of foreign exchange is permitted against this import licence. Any payment towards Indian agents' commission should be made in Indian rupees to the agents in India. Such payments, however, have to form part of the licence value and will, therefore, be charged to the licence.

3. Payments against the import licence for import of goods and services from the Federal Republic of Germany will be made by means of a special letter of credit, as explained in para 9 below.

4. The licence will be issued with an initial validity period of 3 months. Firm orders, on *cif* or *c&f* basis, must be placed on the suppliers in Germany *within three months* from the date of issue of the import licence. Licences may be submitted for revalidation to cover shipments, with documentary proof of firm orders having been placed and showing the contractual date of shipment.

5. If orders cannot be placed within three months, the licence should be submitted for revalidation *during the 4th month* giving reasons for the delay in placing orders and indicating the date by which orders would be placed. Such requests will be considered on merits by the C.C.I&E. in consultation with the Ministry of Finance (Department of Economic Affairs), where necessary.

6. Payments to German suppliers under the import licence should be completed by the 30th June, 1970.

7. Goods to be financed under the credit should be transported by Indian and/or Federal Republic of Germany's vessels only, even though shipment may take place from a third-country West European port. Failure to comply with this provision will amount to serious contravention of the conditions of the licence and will involve the risk that *no payment at all will be made or that for freight be denied to the supplier.*

8. As the orders are to be on *cif/c&f* basis, the Germany suppliers should be made responsible for payment of freight charges in D.M.S. to the agents of the Indian and/or Federal Republic of Germany shipping companies carrying the cargo. A suitable provision should be made in this regard in the supply order and in the Letter of Credit. *Under no circumstances, the licensee should pay freight in rupees to the agents of the shipping companies, who should claim payment from the German suppliers.*

9. *Within a fortnight of the placing of orders*, a report (in triplicate) should be sent to the Department of Economic Affairs (Economic Aid Accounts Branch), Ministry of Finance, Jeevan Deep Building, Parliament Street, New Delhi, along-with a copy of the import licence, containing the following information:—

- (a) Name and address of the importer;
- (b) Number, date and value of the licence with a copy thereof;
- (c) Value in D.M. of the order placed and accepted by the suppliers, indicating the payment terms, *viz.*, *cif*, etc.;
- (d) Short description of the goods to be imported;
- (e) Name and address of the Suppliers;
- (f) Expected date of completion of deliveries;
- (g) A Schedule showing probable dates with amounts on which payments under the contract will fall due.

If the above-mentioned report, is not received within a fortnight of the placing of orders the licence may be deemed to have lapsed, either wholly or in part.

The above information should be accompanied by a request (in the form as in Annexure I) and a Bank Guarantee from a schedule bank, authorised to deal in foreign exchange (in the form, as in Annexure II) for the issue of a Letter of Authority on any one of the following banks:

- (1) The Bayerische Vereinsbank, Munich.

- (i) The Commerzbank A.G., Frankfurt.
- (ii) The Deutsche Bank A.G., Dusseldorf.
- (iv) The Dresdner Bank A.G., Jungfernstrasse, Hamburg.

The importers and their bankers should specifically indicate the German Bank selected by them.

The Bank Guarantee should be for an amount representing the rupee equivalent of the value in D.M. of the proposed Letter of Authority. The prevailing composite rate of conversion shall be applied for calculating the rupee equivalent. The current composite rate is DM 1=Rs. 1.894.

10. If the Bank Guarantee, contemplated in para 9 is found to be in order, the Ministry of Finance, Department of Economic Affairs (Economic Aid Accounts Branch) will issue a Letter of Authority to the German bank concerned (as in annexure IV), authorising payment upto the specified amount to the Germany suppliers on the basis of a special letter of credit to be opened by the importer's bank in India. A copy of such authorisation will be sent to Indian Licensee. The original Letter of Authority along with a copy thereof will be sent to the bank authorised to open the Letter of Credit, asking it to submit the original Letter of Authority to the German Bank concerned along with the Letter of Credit, opened by it. (Such direction will be as in Annexure III).

11. *The Letter of Credit on the German bank should be opened within thirty days from the date of the issue of the authorisation, under intimation to the Joint Director (Accounts), Department of Economic Affairs, Ministry of Finance, Jeewan Deep Building, Parliament Street, New Delhi.*

12. The payment to the Suppliers will be made by the German Bank concerned on collection of requisite documents and statements. The negotiable set of import documents will be sent by it to the importer's bank in India, along with an Advice Note giving details of the amounts disbursed and the dates of such disbursements.

13. Within 10 days of the receipt of these documents, the Bank in India shall arrange to deposit to Government accounts, as indicated in para 14, the rupee equivalent of the amounts disbursed to the suppliers, calculated at the prevailing composite rate of conversion between DM and the rupee along with interest at 6 per cent, per annum, for the period between the date of payment to the suppliers and the date on which the rupee equivalents are deposited. The current composite rate is 1 DM=Rs. 1.894. It will be the responsibility of the bankers to arrange for the deposit of these amounts before the import documents are handed over to the importer.

14. The deposit envisaged in para 13 may be made either at the Reserve Bank of India, New Delhi or the State Bank of India Tis Hazari Delhi or the amount may be remitted by means of a demand draft drawn on and in favour of the Agent State Bank of India, Tis Hazari Delhi-6 for credit to Government account as contemplated in Public Notice No. 233-ITC(PN)/68, dated the 24th October, 1968. The Head of Account to be credited is "T-Deposits & Advances—Part II Deposits not bearing interest—Direct Payment Procedure" under the detailed head Deposits for cost of supplies and equipment obtained under German Commodity Credit for 1968-69.

15. One copy of the challan from the Reserve Bank of India, New Delhi or the State Bank of India, Tis Hazari, Delhi-6, or intimation regarding the submission of Demand Draft to the State Bank of India, Tis Hazari, De'hi-6 should be sent by the Bank, which has issued the guarantee, to the Joint Director (Accounts), Department of Economic Affairs, Ministry of Finance, Jeewan Deep Building, Parliament Street, New Delhi-1, along with a forwarding letter, giving full details of the Advice Notes received from the Bayerische Vereins Bank, Commerze Bank, Deutsche Bank or Dresdner Bank.

16. It will be obligatory for the importers to make the requisite rupee deposits through authorised dealers only and also to get the exchange control copy of the licence endorsed by them, as required in Public Notice No. 184-ITC(PN)/68, dated the 30th August, 1968. They should also fill in the requisite "S" forms as prescribed by the Reserve Bank of India.

17. Credit facilities offered by suppliers can be availed of by the importers only if:

- (i) the West German supplier, at his own risk, is willing to ship the goods without insisting upon prior establishment of a Letter of Credit.
- (ii) The Credit facility is not extended beyond 90 days from the date of shipments.
- (iii) No interest charges, direct or indirect, are payable by the importers for the credit extended.
- (iv) All payments are completed before the 30th June, 1970.

The importers who may satisfy the above conditions, can ascertain the detailed procedure to be followed from the Joint Director (Accounts), Ministry of Finance, Department of Economic Affairs, Jeevan Deep Building, Parliament Street, New Delhi-1.

ANNEXURE I OF APPENDIX II

To

The Joint Director (Accounts)
Ministry of Finance,
Department of Economic Affairs,
Jeevan Deep Building,
Parliament Street,
New Delhi-1.

SUBJECT.—Import of _____ from West Germany, under West German Commodity Credit for 1968-69.

Sir,

In connection with the import of _____ from West Germany under the above credit, we furnish the following particulars to enable you to issue the authorisation for opening a letter of credit through _____ on the Payerische Vereinsbank, Munich or Commerzbank A. G. Frankfurt or Deutsche Bank A. G. Dusseldorf or The Dresdner Bank A.G., Jungferstieg, Hamburg—

- (a) Name and address of the importer.
- (b) Number, date and value of the licence.
- (c) Value in DM and date of the order placed and accepted by the suppliers, indicating the payment terms viz., f.o.b., cif etc.
- (d) Short description of the goods to be imported.
- (e) Name and address of the suppliers.
- (f) Expected date of completion of deliveries.
- (g) A schedule showing probable dates on which payments under the contract will fall due.

The Letter of Credit will be opened through _____ (Name and address of the

Indian scheduled bank, authorised to deal in foreign exchange)

and the Bank Guarantee furnished by the above mentioned bank and which has been duly adjudicated by the Collector of stamps, in accordance with Section 31 of the Stamp Act, 1899 is attached.

Yours faithfully,
(Licensee)

Copy forwarded to _____ Bank Ltd., for information.

ANNEXURE II OF APPENDIX II

GUARANTEE BOND

To

The President of India,

In consideration of the President of India (hereinafter called 'the Government') having agreed to arrange for payment in DM for the import of _____ by _____ (hereinafter called 'the importer')

under the terms and conditions of West German Commodity Credit for 1968-69 and in pursuance of import in favour of the importer against the above mentioned agreement, we _____ Bank Ltd., at the request of the importer hereby undertake to arrange to deposit the amounts of the disbursements made by the _____

(Name of the German Bank nominated by the Importer) converted at the rate of 1 DM=Rs. 1.894 or the then prevailing composite rate of conversion within ten days of the receipt of advice of payments, for credit to the Government account in the manner and against the appropriate Heads of Account as indicated by Government of India under the said credit together with interest thereon at the rate of 6 per cent, per annum, from the date of payment to the German supplier to the date of payment of Rupee equivalent for credit to the Government account. The negotiable set of import documents received from the German Bank will be released to the importer only after the rupee deposits contemplated above have been made.

2. We the _____ Bank Ltd., also undertake to indemnify and keep indemnified the Government against any default in payment by the Importer of any sum that may be due and payable from time to time by the Importer to the Government at such place and in such manner as the Government may from time to time direct, such sums not exceeding Rs. _____ or any part thereof, for the time being due and payable by the importer, together with interest thereupon at the rate of six per cent. per annum from the date of payment to the German supplier. The decision of the Government as to any default in the said payment by the importer, or on his part and in regard to the amount payable to the Government by us _____ Bank Ltd., shall be final and binding on us _____ Bank Limited.

3. We _____ Bank Ltd., further agree that in case of increase in the value of imports or increase in the value of unfulfilled deliveries under the contract as a result of change in the composite rate of exchange, the amount of this guarantee bond will be adjusted as on the date when the change takes place, in proportion to this change.

4. We _____ Bank Ltd., further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said agreement/contract and that it shall continue to be enforceable till all the dues to the Government under or by virtue of this guarantee have been fully paid and its claims satisfied or discharged.

5. The guarantee herein contained shall not be affected by any change in the constitution of the importer of the _____ Bank Ltd., and the Government shall have the fullest liberty without affecting the guarantee to postpone for any time and from time to time any of the powers exercisable by it against the importer and the _____ Bank Ltd., shall not be released from its liability under this guarantee by any exercise of the Government of liberty with reference to the matters aforesaid or by reason of time being given to the Importer or any other forbearance, act or omission on the part of the Government or any indulgence by the Government to the Importer or by any other matter or thing whatsoever which under the law relating to sureties shall, but for this provision, have the effect of so releasing the _____ Bank Ltd., from its such liability.

6. We _____ Bank Ltd., lastly undertake not to revoke this guarantee during its currency, except with previous consent of the Government, in writing.

Our liability under this guarantee is restricted to Rs. _____ (plus interest and other charges, not expected to exceed 1 per cent of the guarantee amount) and it will remain in force till the _____ day* of _____ (month) _____ 196 _____. Unless claims under the guarantee are made in writing within 6 months of this date and unless a suit or action to enforce

these claims is commenced within another six months thereafter i.e., upto _____, all Government rights under this guarantee shall be forfeited and we shall be relieved and discharged from all liability thereunder.

Dated the _____ day of _____
for _____ Bank Ltd.

Accepted for and on behalf of the
President of India by Shri
(Name and designation)

Signature

Signature

*This date shall be arrived at by adding one month to the date upto which the Letter of Authority is required to be kept valid.

NOTE: The value of the stamped paper in which this guarantee is to be executed is to be adjudicated by the Collector of Stamps under Section 31 of the Indian Stamps Act.

ANNEXURE III OF APPENDIX II

To

SUBJECT.—Import under German Commodity Credit—Issue of Letter of Authority for opening Letter of Credit.

Dear Sir,

With reference to letter No. _____ dated the _____ from the _____ in which they have requested permission for opening a letter of credit through your Bank under the German Commodity Credit for 1968-69. I am enclosing the Department of Economic Affairs Letter of Authority No. _____ dated the _____ (with one spare copy) authorising them to arrange payment up to DM _____ to West German supplier. This letter of Authority should be sent by you to the _____ alongwith the letter of Credit opened by you.

2. You are hereby authorised to open the letter of credit for an amount not exceeding DM _____ within a period of thirty days from the receipt of this letter, under intimation to this Department. In terms of para 19, Section VII of Exchange Control Manual you are required to ensure that the date of expiry of the Letter of Credit is not later than 30 days, after the final date for shipment as stated in the relative import licence or the date indicated in the Letter of Authority whichever is earlier. Before opening the Letter of Credit it may please be ensured that the importer is in possession of a valid Import Licence.

3. You are requested to arrange to deposit the rupee equivalent of the DM payments to the German suppliers in terms of the Guarantee furnished by you, within 10 days of the receipt of documents from the _____. The rupee equivalent of the amounts disbursed to the suppliers will have to be calculated by applying the composite rate of conversion (1 DM=1.894 Rs). This rate is subject to revision if and when the IMF parity rate of exchange undergoes change. Interest at the rate of 6 per cent p.a. for the period between the date of payment to the suppliers and the date on which the rupee equivalents are deposited is also required to be deposited into Government Account. It will be your responsibility to arrange for the deposit of these amounts, before the import documents are handed over to the importer.

4. These amounts should be deposited either with the Reserve Bank of India, New Delhi or the State Bank of India, Tis Hazari, Delhi or remitted by means of a demand draft obtained by you from any branch of the State Bank of India or its subsidiaries (drawer) drawn on and made payable to the State Bank of India, Tis Hazari Branch, Delhi-6 (Drawee and payee). In this connection, your attention is also invited to the provisions of the Public Notice No. 233-ITC(PN)/68, dated the 24th October, 1968. The head of account to be credited is "T-Deposits & Advances—Part II—Deposits not bearing interest—Civil Deposits—Deposits for purchases abroad under Direct Payment Procedure" under the detailed head "Deposits for cost of supplies and equipment obtained under German Commodity Credit for 1968-69".

5. One copy of the challan in original, in cases where the rupee equivalents are credited in cash at the Reserve Bank of India, New Delhi or the State Bank of India, Delhi should be sent by you to the address given below, alongwith a forwarding letter giving full details of the Advice notes received from the nominated German Bank:

The Joint Director (Accounts)
 Ministry of Finance
 Department of Economic Affairs
 Jeevan Deep Building, Parliament Street,
 New Delhi.

In cases where the rupee equivalents are remitted by means of demand drafts as laid down in the Public Notice dated the 24th October, 1968 mentioned above, intimations thereof should be sent to the address given above. In all cases, full particulars of the rupee equivalents deposited alongwith the amount of interest paid and the period for which interest has been calculated should be furnished to this Department.

Kindly acknowledge receipt.

Yours faithfully,
 Assistant Accounts Officer.

Copy forwarded to M/s. _____ with a copy of the Letter of Authority No. _____ for information, with reference to their letter quoted above. In case the German suppliers anticipate any difficulty in complying with the transport of goods by India and/or German vessels, the services of M/s. Schenkar and Company Hamburg West Germany, may be availed of.

Asstt. Accounts Officer.

ANNEXURE IV OF APPENDIX II

LETTER OF AUTHORITY NO. _____

GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 (Department of Economic Affairs)
 New Delhi, dated the _____, 1969

To

(Name and address of the German Bank)

Dear Sir,

SUBJECT:—Procedure for Payments to German suppliers through the Letter of Credit Cover Deposit Account with you under Commodity Credit for 1968-69 from the FEDERAL REPUBLIC OF GERMANY.

In accordance with the terms and conditions of the above procedure, agreed upon through letter Nos. _____ dated the _____ addressed to your Bank by the Chief Accounting Officer, High Commission of India, London, we hereby authorise you to pay an amount of DM _____ to _____ under the letter of credit to be opened by _____ for covering the import of _____ against contract entered unto by _____.

2. After each payment, the shipping and other documents (negotiable) may be forwarded direct to _____ and a payment advice alongwith one set of documents (non-negotiable) sent to the undersigned for information.

3. Your banking charges under the above letter of Credit will be settled directly with you by the _____ by remittance from India.

4. This authority will remain valid upto _____ 196 _____.

Yours faithfully,
 Assistant Accounts Officer.

SUBJECT.—Conditions for licensing imports under the Italian Suppliers Credit.

No. 8-ITC(PN)/69.—Attention is invited to the Ministry of Commerce Public Notice No. 86-ITC(PN)/68 dated the 21st May, 1968, announcing the conditions governing the issuance of licences under the Italian Suppliers Credit.

2. Revised conditions as given in the Appendix to this Public Notice are notified for the information of the trade.

APPENDIX***Revised conditions for licensing under the Italian Suppliers Credit***

1. The import licence should be issued with an initial validity period of 3 months only during which firm orders on c.i.f. or c. and f. basis must be placed. If orders cannot be placed within three months the licence should be submitted for revalidation during the fourth month giving reasons for the delay in placing orders and indicating the date by which orders would be placed. Such requests will be considered on merits by the Chief Controller of Imports and Exports/Iron and Steel Controller in consultation with the Ministry of Finance, Department of Economic Affairs.

2. The contract of supply between the Indian Importer and the Italian Supplier is subject to the approval of the Government of India and Italy for being financed under the Italian Credit arrangements. Importers should take special care to incorporate a clause in the contract to this effect. Orders once approved should not be cancelled without prior concurrence of the Department of Economic Affairs.

3. The value of the contract should be expressed in *Italian Lira* calculated at the International Monetary Fund (I.M.F.) Parity rate which at present stands at 1 Italian Lira = Rs. 0.012. This rate will stand modified if the I.M.F. Parity rate undergoes any change.

4. The following payment terms may be included in the contract with the Italian supplier after satisfying by making such enquiries as may be necessary, that the prices are competitive:

- (a) Payment of 3 to 5 per cent (of the c.i.f./c. and f. value excluding Indian Agents commission, if any, which should be paid in Rupees only) on order becoming effective;
- (b) Payment of 5 per cent on completion of shipment;
- (c) The balance, namely 90 to 92 per cent spread over in equal instalments, annual or half-yearly, over a period of ten years—first instalment commencing one year after the completion of shipment in the case of annual instalments and six months after the completion of shipment in the case of half-yearly instalments;
- (d) The rate of interest on outstanding balances of the principal including credit insurance charges, if any, should not exceed 6 per cent per annum; and
- (e) The contract should be for the c.i.f. or c. and f. value of the goods.

5. A Bank Guarantee from a first class bank may have to be furnished by Indian Importer to the satisfaction of the Italian supplier in respect of the deferred payment part of contract. A financial agreement has been concluded between Istituto Mobiliare Italiano (IMI) Italy and the State Bank of India (SBI) under which the imports authorised under the Italian Supplier Credit may be financed by IMI under a guarantee to be given by the SBI. If the importer desires to include the supply contract within the scope of this financial agreement, licensing conditions as per Annexure I will apply.

6. Six certified copies of the contract should be furnished by the importer to the Ministry of Finance, Department of Economic Affairs, Europe II Branch, New Delhi, immediately on conclusion of the contract within the validity period of the import licence. The requisite number of certified copies of contract in respect of which the financing of the import is arranged within the frame work of the IMI-SBI agreement referred to in para 5 above, should be forwarded to the Ministry of Finance through the concerned Branch of the SBI.

7. The following information should also be sent to the Department of Economic Affairs, along with copies of the contract:

- (i) Details of the import licence—
 - (a) Number
 - (b) Date of issue and date of revalidation, if any, and period of validity.
 - (c) Value.
- (ii) Whether contract finalised within the validity period of the import licence, if not, reasons for the same.
- (iii) Whether the import is to be financed within the frame-work of the IMI-SBI agreement referred to in para 5 above.
- (iv) Name and address of the Indian importer.
- (v) Name and address of the Italian supplier.
- (vi) Value of the contract in Italian Lira.
(Rs.....)
- (vii) Short description of goods to be imported.
- (viii) Terms of delivery (e.g. c.i.f., c. and f., etc.).
- (ix) Schedule for deliveries—expected date of completion of deliveries.
- (x) A schedule showing dates and amount of repayment of principal and payment of interest.
- (xi) Indian Agents' commission, if any, included in the contract.
- (xii) Branch of the RBI having jurisdiction over the place where importer functions.

8. Remittance against the down payments shall not be made until the contract is made effective on its approval by the Indian and Italian Governments.

ANNEXURE I

Conditions for licensing under the Italian Supplier Credit to be financed within the framework of Agreement dated the 12th September, 1967/9th November, 1967 between Institute Mobiliare Italiano (IMI) of Italy and the State Bank of India (SBI)

1. The import licence shall be issued within an initial validity period of 3 months only during which firm orders on c.i.f. or c. and f. basis must be placed on the Italian supplier. If orders cannot be placed within three months the licence should be submitted for revalidation during the fourth month giving reasons for the delay in placing orders and indicating the date by which orders would be placed. Such requests will be considered on merits by the Chief Controller of Imports and Exports/Iron and Steel Controller in consultation with the Ministry of Finance, Department of Economic Affairs. The importers who are able to complete placement of orders within the three months' period stipulated above can, however, seek suitable extension in the validity of their licences, based on the delivery schedules given in the contracts as soon as they have completed the ordering.

2. The contract of supply between the Indian importer and the Italian supplier is subject to the approval of the Government of India and Italy for being financed under the Italian Credit arrangements. Importers should take special care to incorporate a clause in the contract to this effect. Orders once approved shall not be cancelled without prior concurrence of the Department of Economic Affairs.

3. It should be specifically mentioned in the supply contract/confirmation order of the Italian supplier that the financing of the supply will be within the frame-work of IMI-SBI Agreement and subject to acceptance by the IMI and SBI authorities.

4. The following payment terms may be included in the supply contracts with the Italian suppliers:

- (a) Payment of a minimum of 3 per cent and a maximum of 5 per cent (preferably 3 per cent) within 30 days;
- (b) Payment of 5 per cent on completion of shipment; and

- (c) The Balance, namely 90 to 92 per cent, as the case may be spread over in equal half-yearly instalments over a period of 10 years—the first instalment commencing 6 months after the completion of shipment.
- (d) The rate of interest applicable on outstanding balances of the principal including credit insurance charges, if any, should not exceed 6 per cent per annum.
- (e) The contract should be for the c.i.f. or c. and f. value of the goods.

5. Within a fortnight of placing of orders, the licence holders should submit their applications for financing the contract under the programme indicated in para 3 above alongwith 8 certified copies of the contracts concluded with the Italian suppliers and a report in the proforma given below to the State Bank of India, New Delhi, through the licence holders' Bankers (A branch of the SBI or any other Scheduled Bank, as the case may be). The State Bank of India, New Delhi, will forward the report and six copies of the contract to the Ministry of Finance, Department of Economic Affairs, (E. II Branch), Secretariat, North Block, New Delhi, for obtaining their approval to the contract. After the Government's approval has been obtained, the SBI, New Delhi, will notify IMI of the contract and will request them to grant the financing therefor declaring at the same time its willingness to provide the guarantee required under the Agreement Proforma for Report.

- (i) Details of the import licence—
 - (a) Number.
 - (b) Date of issue and date of revalidation if any, and period of validity.
 - (c) Value.
- (ii) Whether contract finalised within the validity period of the import licence. If not, reasons for the same.
- (iii) Name and address of the Indian importer.
- (iv) Name and address of the Italian supplier.
- (v) Value of the contract in Italian Lira
(Rs.)
- (vi) Short description of goods to be imported.
- (vii) Terms of delivery....(e.g., c.i.f., c. and f. etc.)
- (viii) Schedule for deliveries—expected date of completion of deliveries.
- (ix) A schedule showing dates and amount of repayment of principal and payment of interest.
- (x) Indian Agents' commission if any, included in the contract.
- (xi) Branch of the RBI having jurisdiction over the place where importer functions.

6. The applications mentioned in condition (5) above should be accompanied by the licence holders' (or their bankers including a Scheduled Bank as the case may be) undertaking to pay on demand by the State Bank of India, New Delhi, the amounts payable by them from time to time in accordance with the terms of the credit arrangement with the IMI including a commitment commission of 0.40 per cent payable immediately on receipt of IMI's consent to finance the contract under the programme.

7. IMI will contract the Italian exporter and obtain the approval of the Government of Italy after satisfying themselves regarding credit insurance and will advise the State Bank of India, New Delhi, whether it would finance the proposed transaction. IMI will also notify the Italian exporter accordingly.

8. On receipt of the IMI's confirmation the supply contract will be deemed to have come into effect and the State Bank of India, New Delhi, will credit IMI a lump sum commitment commission at the rate of 0.40 per cent of the amount of the supply contract excluding the amount payable in cash/as advance and against shipment. The State Bank of India, New Delhi will also advise the importer (through his banker, where applicable) and the Ministry of Finance, Department of Economic Affairs, (Europe II Branch), Central Secretariat, New Delhi, regarding the acceptance of the contract for financing under the arrangements.

9. The payment of 3 to 5 per cent within 30 days of the entry into force of the contract and 5 per cent on completion of shipment will be made under

irrevocable letters of credit. At the time of forwarding the letters of credit the State Bank of India New Delhi, will send to the Italian Bank an undertaking to make available to the exporter the bills of exchange made out in Italian Lira representing the deferred payments.

10. In regard to the balance of 90 per cent—92 per cent, the Italian Exporter in advance of the date of shipment of the goods or rendering of services will issue a series of 20 bills of exchange on the importer falling due every six months from the 6th to the 120th month after the date of the bill of exchange which will be left blank. These bills will be sent by the Italian Agent bank to the Indian bank which shall arrange for their acceptance by the importer. The Indian bank will also guarantee the acceptance of the bills. After the bills are accepted, the Indian bank will send them to the Italian Agent bank with a request to hold the bills as trustees pending the delivery of the bills to the exporters. On receipt of the bills the Italian Agent bank will affix the dates of issue on the bills corresponding:—

- for goods, to the date of the respective bill of lading;
- for services, to the date of rendering same, as shown by the documents prescribed in the contract which shall be sent in time to the Italian Agent bank by the exporter."

The Italian Agent bank will deliver the series of bills of exchange to the exporter against production of the documents required by the Indian bank in conformity with the supply contract.

11. The Indian Importer will pay interest at the specified rate from the date of issue of the series of bills, in semestral instalments with the same due date as the bills of exchange included in the series. Accordingly, the actual amount for which each bill in the series should be issued will equal 1/20th of the 90—92 per cent balance plus the interest instalments computed on the outstanding balances on the entire series.

12. Each party to the supply contract will pay any tax levy, stamps etc., due in his country in relation, connection or consequence of such contract or its performance, payment, disbursement of interest and the like.

R. J. REBELLO,
Chief Controller of Imports and Exports.

